

TOP SECRET

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NO. 028

GENERAL

1. Responses to UN proposals on Berlin currency--US Representative Knapp in Geneva reports that the British and French did not join with the US in rejecting the UN Neutral Committee's proposal on the Berlin currency question. Knapp indicated that although the British and French accepted the Committee's plan, subject to certain technical objections, they did request the Committee to consider the US counterproposal. According to Knapp, the Soviet delegate reportedly suggested only a few amendments to the Committee's draft proposals, leaving the impression with the Committee that the amended proposals would be acceptable to the USSR. The US representative added that the US reply has given "great shock" to the UN Committee, in view of the Soviet attitude and the moderate response by the British and French.

S - TS

2. US views on Indochinese settlement--The Department of State has informed US Embassy Paris, regarding settlement of the Indochina problem, that the US desires a French agreement with Bao Dai or any truly nationalist group which has a reasonable chance of success in Indochina. The US, however, cannot at this time irretrievably commit itself to the support of a native government which, by failing to gain popular backing, might become a virtual puppet government supported only by French military forces.

CIA - TS

3. Possible Norwegian adherence to Atlantic Pact--US Ambassador Bay in Oslo expresses the belief that Norway is the key to Scandinavian participation in a North Atlantic Pact and that "loss of Norway would threaten the entire concept of a North Atlantic community of nations." Bay adds that the slightest encouragement by the US of the current Danish argument that a neutral Scandinavian bloc would act as a deterrent to Soviet aggression might not only lose Denmark as a prospective member of a North Atlantic Pact but would undermine the whole Norwegian position.

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